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Chairman: Mr. Rosenthal ..... (Guatemala)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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Agenda item 156: Financing of the United Nations peacekeeping forces in the Middle East

(a) United Nations Disengagement Observer Force (A/65/596, A/65/710 and A/65/743/Add.3)

(b) United Nations Interim Force in Lebanon (A/65/608, A/65/608/Corr.1, A/65/756 and A/65/743/Add.9)

Agenda item 158: Financing of the United Nations Mission for the Referendum in Western Sahara (A/65/665, A/65/720 and Corr.1 and A/65/743/Add.5)

1. **Mr. Yamazaki** (Controller), introducing the performance report on the budget of the United Nations Mission in the Central African Republic and Chad (MINURCAT) for the period from 1 July 2009 to 30 June 2010 (A/65/638), said that the General Assembly had appropriated funding of $690.7 million for the maintenance of the Mission and that expenditure had amounted to $540.8 million, leaving an unencumbered balance of $149.9 million, which represented a resource utilization rate of 78.3 per cent. The main causes of the variance were the reduction in the military component of the mission required by Security Council resolution 1923 (2010) and a related reduction in expenditure on facilities, infrastructure, transportation, supplies and equipment, offset by an increase in costs for civilian personnel due to preparation for the drawdown and liquidation of the mission, and for local personnel, due to salary increments and currency fluctuation.

2. The General Assembly was invited to take the actions set out in paragraph 44 of the performance report. However, in view of the mission's outstanding cash liabilities of $135.8 million and unpaid assessments of $57.1 million, the Secretary-General was recommending that the General Assembly should simply take note of the unencumbered balance of $149.9 million and other income of $13.5 million, deferring until its sixty-sixth session a decision on the treatment of those amounts.

3. Introducing the performance report on the budget of the United Nations Operation in Côte d'Ivoire (UNOCI) for the period from 1 July 2009 to 30 June 2010 (A/65/615), he said that the General Assembly had appropriated funding of $491.8 million for the maintenance of the Mission and that expenditure had amounted to $473.6 million, leaving an unencumbered balance of $18.2 million, which represented a resource utilization rate of 96.3 per cent. The main causes of the variance were higher actual vacancy rates for military contingents; rationalization of contractual arrangements for their emplacement, rotation and repatriation and delayed deployment of contingent-owned equipment. The General Assembly was invited to take the actions set out in paragraph 53 of the performance report.

4. The proposed budget of $485.8 million for the period from 1 July 2011 to 30 June 2012 (A/65/736) reflected a 0.7 per cent increase relative to the funding of $485.1 million appropriated by the General Assembly for the maintenance of the Mission for

2010/11. The main causes of the variance were greater forecast consumption of generator fuel, as a result of frequent power cuts and higher prices for diesel; greater requirements for maintenance and security services; and increased costs for fixed-wing aircraft and helicopters in connection with higher prices for jet fuel, landing fees and ground handling. The General Assembly was invited to take the actions set out in paragraph 64 of the budget report.

5. In accordance with regulation 4.6 of the Financial Regulations and Rules, as amended by General Assembly resolution 64/269, the Secretary-General had sought, and obtained, the concurrence of the Advisory Committee to enter into commitments not exceeding $85.3 million for the period from 1 July 2010 to 30 June 2011 to meet additional requirements related to the expanded operational activities of UNOCI.

6. Introducing the performance report on the budget of the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2009 to 30 June 2010 (A/65/625), he said that the General Assembly had appropriated funding of $54.4 million for the maintenance of the Force and that expenditure had amounted to $53.3 million, leaving an unencumbered balance of $1.1 million, which represented a utilization rate of 98.0 per cent. The main causes of the variance were lower actual commercial and charter flight costs for the rotation of contingents and the use of military flights for that purpose, and unused balances for facilities and infrastructure resulting from the reprioritization of resources to meet more critical operational requirements. The General Assembly was invited to take the actions set out in paragraph 31 of the performance report.

7. The proposed budget of $55.7 million for the period from 1 July 2011 to 30 June 2012 (A/65/706) reflected a 1.0 per cent decrease relative to the funding of $56.3 million appropriated by the General Assembly for the maintenance of the Force for 2010/11. The main causes of the variance were reduced requirements for military contingents and national staff, primarily attributable to the United States dollar/euro exchange rates applied in comparison to those used for the 2010/11 budget. The General Assembly was invited to take the actions set out in paragraph 41 of the budget report.

8. Introducing the performance report on the budget of the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) for the period from 1 July 2009 to 30 June 2010 (A/65/682), he said that the General Assembly had appropriated funding of $1,346.6 million for the maintenance of the Mission and that expenditure had amounted to $1,345.2 million, leaving an unencumbered balance of $1.4 million, which represented a utilization rate of 99.9 per cent. The main causes of the variance were the cancelled planned rotation of 1,674 troops pending their repatriation in September 2009, the use of the air assets of the Transportation and Movements Integrated Control Centre in Entebbe; lower than forecast deployment of formed police personnel; and unutilized balances for air transportation due to cancellation of the deployment of two unmanned aerial vehicles. The General Assembly was invited to take the actions set out in paragraph 48 of the performance report.

9. The proposed budget of $1,423.0 million for the maintenance of the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) from 1 July 2011 to 30 June 2012 (A/65/744) reflected a 4.3 per cent increase relative to the funding of $1,365.0 million appropriated by the General Assembly for the maintenance of its predecessor, the United Nations Organization Mission in the Democratic Republic of the Congo, for 2010/11. The main causes of the variance were increased requirements for civilian staff as a result of harmonization of conditions of service in the field and of revised salary scales and common staff costs; proposed additional general temporary assistance to support civil affairs and communications in connection with the protection of civilians; increased requirements for facilities and infrastructure resulting mainly from the consolidation of the Mission's offices in Kinshasa into a single Integrated Mission Headquarters; increased air transportation requirements due to flight hours and aviation fuel; increased communications requirements for the new Integrated Headquarters and for company and mobile operating bases; and increased requirements for other supplies, services and equipment resulting from freight and related charges for Forces armées de la République démocratique du Congo (FARDC)/MONUSCO joint operations. The General Assembly was invited to take the actions set out in paragraph 147 of the budget report.

10. Introducing the performance report on the budget of the United Nations Integrated Mission in Timor-Leste (UNMIT) for the period from 1 July 2009 to

30 June 2010 (A/65/687), he said that the General Assembly had appropriated funding of $205.9 million for the maintenance of the Mission and that expenditure had amounted to $191.1 million, leaving an unencumbered balance of $14.8 million, which represented a utilization rate of 92.8 per cent. The main cause of the variance was lower actual aircraft flying hours, resulting from the change in the Mission's concept of operations and flight plan, and the early withdrawal of one helicopter, leading to reduced fuel costs. The General Assembly was invited to take the actions set out in paragraph 66 of the performance report.

11. The proposed budget of $196.7 million for the period from 1 July 2011 to 30 June 2012 (A/65/746) reflected a 4.6 per cent decrease relative to the funding of $206.3 million appropriated by the General Assembly for the maintenance of the Mission for 2010/11. The main cause of the variance was the planned reduction of United Nations police personnel and formed police unit personnel. The General Assembly was invited to take the actions set out in paragraph 108 of the budget report.

12. Introducing the report on the financing of the United Nations Mission in Ethiopia and Eritrea (UNMEE) (A/65/678), he said that the final disposition of the assets of the Mission had been carried out in accordance with regulation 5.41 of the Financial Regulations and Rules. Their value as at 7 December 2010 had been $57.0 million. The assets fell into three groups: equipment transferred to other missions or to temporary storage at the United Nations Logistics Base at Brindisi ($17.5 million, or 30.6 per cent of the total inventory value); equipment disposed of in the mission area through sale ($1.6 million, or 2.9 per cent of the total inventory value, with a sale value of $0.6 million), or through donation to the Government of Ethiopia and the African Union ($7.6 million, or 13.3 per cent of the total inventory value); and equipment written off or lost ($30.3 million, or 53.2 per cent of the total inventory value, with a residual value of $8.0 million). The General Assembly was invited to take the actions set out in paragraph 12 of the report.

13. Introducing the performance report on the budget of the United Nations Observer Mission in Georgia (UNOMIG) for the period from 1 July 2009 to 30 June 2010 (A/65/681), he said that the General Assembly had appropriated funding of $10.9 million for the maintenance of the Mission and that expenditure had amounted to $10.3 million, leaving an unencumbered balance of $665,200, which represented a utilization rate of 93.9 per cent. The main causes of the variance were reduced requirements for equipment shipping costs, as most of the Mission's assets were transferred to other United Nations missions at their expense, offset by additional requirements for termination indemnities, lump-sum payments for annual leave balances, repatriation grants and other separation costs for national and international staff. The General Assembly was invited to take the actions set out in paragraph 38 of the performance report.

14. Introducing the performance report on the budget of the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2009 to 30 June 2010 (A/65/621), he said that the General Assembly had appropriated funding of $46.8 million for the maintenance of the Mission and that expenditure had amounted to $46.7 million, leaving an unencumbered balance of $148,600, which represented a resource utilization rate of 99.7 per cent. The General Assembly was invited to take the actions set out in paragraph 40 of the performance report.

15. The proposed budget of $44.9 million for the period from 1 July 2011 to 30 June 2012 (A/65/711) reflected a 6.2 per cent decrease relative to the funding of $47.9 million appropriated by the General Assembly for the maintenance of the Mission for 2010/11. The main causes of the variance were non-replacement of vehicles in the context of the current budget proposal, compared with the replacement of 36 vehicles in the context of the budget for 2010/11, and the United States dollar/euro exchange rates applied for 2011/12 compared to the rates applied for 2010/11. The General Assembly was invited to take the actions set out in paragraph 79 of the budget report.

16. Introducing the performance report on the budget of the United Nations Mission in Liberia (UNMIL) for the period from 1 July 2009 to 30 June 2010 (A/65/620), he said that the General Assembly had appropriated funding of $561.0 million for the maintenance of the Mission and that expenditure had amounted to $541.8 million, leaving an unencumbered balance of $19.2 million, which represented a utilization rate of 96.6 per cent. The main causes of the variance were faster than anticipated third-stage drawdown of the Mission's military component and repatriation of 100 members of the military guard force at the Special Court for Sierra Leone, as recommended

by the Secretary-General in a letter to the Security Council (S/2009/679); and lower expenditure for international staff as a result of higher actual vacancy rates and lower actual common staff costs. The General Assembly was invited to take the actions set out in paragraph 65 of the performance report.

17. The proposed budget of $540.8 million for the period from 1 July 2011 to 30 June 2012 (A/65/727) was composed of $528.4 million for the maintenance of the Mission and $12.4 million for electoral support from the Mission, and reflected a 3.2 per cent increase relative to the funding of $524.0 million appropriated by the General Assembly for 2010/11. The main causes of the variance were increased facilities and infrastructure requirements resulting from the fact that the Mission was in its eighth year of operation, leaving large amounts of equipment beyond economical repair; increased requirements for maintenance, alteration, construction and renovation services; increased ground transport requirements because of fuel cost increases; and increased air transportation requirements resulting from higher rental and operation costs for rotary aircraft caused by higher fuel costs and new contracts and letter-of-assist arrangements with a contributing government for the supply of military helicopters. The General Assembly was invited to take the actions set out in paragraph 128 of the budget report.

18. Introducing the performance report on the budget of the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2009 to 30 June 2010 (A/65/596), he said that the funding of $45.0 million for the maintenance of the Force appropriated by the General Assembly had been utilized entirely. The General Assembly was invited to take the actions set out in paragraph 25 of the performance report.

19. The proposed budget of $49.6 million for the period from 1 July 2011 to 30 June 2012 (A/65/710) reflected a 3.7 per cent increase relative to the funding of $47.8 million appropriated by the General Assembly for the maintenance of the Force for 2010/11. The main causes of the variance were increased costs for contingent-owned equipment as a result of the memorandum of understanding signed; increased requirements to meet common staff costs for international staff and the use of a lower United States dollar/Syrian pound exchange rate than for the 2010/11 budget. The General Assembly was invited to take the actions set out in paragraph 42 of the budget report.

20. Introducing the performance report on the budget of the United Nations Interim Force in Lebanon (UNIFIL) for the period from 1 July 2009 to 30 June 2010 (A/65/608), he said that the General Assembly had appropriated funding of $589.8 million for the maintenance of the Force and that expenditure had amounted to $542.1 million, leaving an unencumbered balance of $47.7 million, which represented a utilization rate of 91.9 per cent. The main causes of the variance were reduced requirements for rental and operation of naval transportation, owing to the deployment of fewer vessels and helicopters in the Maritime Task Force; lower than average deployment of military contingents and reduced requirements for rations, partly offset by additional requirements for freight and contingent-owned equipment resulting from early repatriation of two contingent units to Europe and the deployment of three contingent units from Asia. The General Assembly was invited to take the actions set out in paragraph 38 of the performance report.

21. The proposed budget of $542.8 million for the period from 1 July 2011 to 30 June 2012 (A/65/756) reflected a 4.6 per cent increase relative to the funding of $518.7 million appropriated by the General Assembly for the maintenance of the Force for 2010/11. The main causes of the variance were a reduced delayed-deployment factor for military contingents and higher costs for travel on emplacement, rotation and repatriation of troops, based on actual expenditure patterns and a larger number of troop rotations; and increased requirements for national and international staff, resulting primarily from a reduced vacancy factor. The General Assembly was invited to take the actions set out in paragraph 90 of the budget report.

22. Introducing the performance report on the budget of the United Nations Mission for the Referendum in Western Sahara (MINURSO) for the period from 1 July 2009 to 30 June 2010 (A/65/665), he said that the General Assembly had appropriated funding of $53.5 million for the maintenance of the Mission and that expenditure had amounted to $51.9 million, leaving an unencumbered balance of $1.6 million, which represented a resource utilization rate of 97.0 per cent. The main causes of the variance were unutilized balances for air transportation resulting from lower-than-planned hours flown by fixed-wing aircraft and helicopters and the associated reduced aviation fuel requirements, with one helicopter not operating for 205

out of 365 days, and a non-serviceable unpaved runway at the Awsard team site; unutilized balances for facilities and infrastructure, resulting from the decision to cancel acquisition of a closed-circuit television system in favour of less costly equipment; recruitment of fewer maintenance personnel than originally planned; and under-expenditure for alternation and renovation projects because of an unsuccessful bidding process for construction services. The General Assembly was invited to take the actions set out in paragraph 43 of the performance report.

23. The proposed budget of $61.4 million (exclusive of budgeted voluntary contributions) for the period from 1 July 2011 to 30 June 2012 (A/65/720) reflected a 7.5 per cent increase relative to the funding of $57.1 million appropriated by the General Assembly for the maintenance of the Mission for 2010/11. The main causes of the variance were increased common staff costs for international staff in connection with the implementation of General Assembly resolution 65/248; a vacancy rate of 3 per cent for 2011/12 compared to 10 per cent for 2010/11; and increased requirements for mine education, detection and clearance. The General Assembly was invited to take the actions set out in paragraph 55 of the budget report.

24. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee report on the financing of MINURCAT (A/65/743/Add.11), recalled that the Mission was in the process of liquidation, as its mandate had not been extended beyond 31 December 2010. The Advisory Committee did not object to the recommendation made by the Secretary-General that, in the light of the liquidation activities and the Mission's outstanding cash liabilities, the General Assembly should defer action on the unencumbered balance and income/adjustments until its sixty-sixth session. The Advisory Committee recommended that the Secretary-General should provide an update on the Mission's cash position at that time.

25. Introducing the Advisory Committee report on the financing of UNOCI (A/65/743/Add.14), he said that the Advisory Committee, in connection with the proposed budget, had recommended appropriation and assessment of $242.9 million for the period from 1 July to 31 December 2011, as well as the submission of a revised budget for the whole period from 1 July 2011 to 30 June 2012. Recommendations and observations on the specific resources requested by the Secretary-General were set out in section IV.B. of the report.

26. During its discussions with the representatives of the Secretary-General, the Advisory Committee had been informed of the challenges posed to the implementation of the Ouagadougou Political Agreement and its four supplementary agreements by the outcome of the 28 November 2010 elections. The Controller had sought, and received, the concurrence of the Advisory Committee for the Operation to enter into additional commitments to meet the requirements related to the post-election crisis. Having also been informed that the proposed budget was based on the assumption of a resolution of the crisis by 30 June 2011 and a resumption of the Operation's normal functioning thereafter, the Advisory Committee recognized that the Operation might require additional resources for the period from 1 July 2011 to 30 June 2012. The Advisory Committee's comments on the action to be taken by the General Assembly were set out in paragraphs 35 and 36 of its report.

27. Introducing the Advisory Committee report on the financing of UNFICYP (A/65/743/Add.2), he said that although the Advisory Committee was recommending approval of the budget proposed by the Secretary-General it remained concerned at the continuing precarious financial situation of the Force and recalled that Member States should fulfil the financial obligations established by the Charter of the United Nations in full, on time and without conditions.

28. Recommendations regarding the financial performance report for the Force were contained in paragraph 37 of the Advisory Committee report. Comments and observations on the regional management of information and communication technology, on efforts to reduce electricity and water consumption, on road safety and on demining activities were contained in paragraphs 20, 21, 33 and 34. In paragraphs 35 and 36, the Advisory Committee had also commented on the action taken by the Force to implement the most recent recommendations of the board of Auditors.

29. Introducing the Advisory Committee report on the financing of MONUC and MONUSCO (A/65/743/Add.8), he said that the Advisory Committee was recommending approval of the budget proposed by the Secretary-General for MONUSCO for 2011/12. Its recommendations and observations on the

specific resources requested for the Mission were contained in section IV.B. of the report. Its comments on the financial performance of MONUC in 2009/10 were set out in paragraphs 5 to 10 of the report, with related recommendations in paragraph 70.

30. Noting that in 2011/12 the Mission was due to provide electoral assistance in the form of air and road transport for electoral personnel and material, and that a request for additional resources would be made to the General Assembly if necessary once detailed electoral planning was complete, the Advisory Committee trusted that any such request would be submitted in a timely manner for consideration in accordance with established procedures. The Advisory Committee had also noted the estimated additional resources for facilities and infrastructure resulting from the plan to consolidate all of the Mission's offices in Kinshasa into one single Integrated Mission Headquarters, and had requested and received detailed information on that project, including a cost analysis covering eight financial periods. Although it would have expected to have been informed before the launch of the project, it supported its continuation, for the reasons indicated in paragraph 51 of the report, provided that the United Nations country team could take over the premises should the Mission be discontinued before the 2018/19 financial period. The Advisory Committee expected a detailed progress report, including a projection of costs and expected savings, in the next budget submission.

31. Introducing the Advisory Committee report on the financing of UNMIT (A/65/743/Add.6), he said that the Advisory Committee recommended approval of the proposed budget for 2011/12, noting the continued progress in fulfilling the Mission's mandate, including support for parliamentary and presidential elections in 2012, and the inclusion in the budget proposal of plans for a gradual transition to liquidation. The Advisory Committee's recommendations on the financial performance of UNMIT in 2009/10 were set out in paragraph 40 of its report.

32. Introducing the Advisory Committee report on the final disposition of the assets of UNMEE (A/65/748), he said that the liquidation of the Mission's assets had proceeded as planned and been completed on 7 December 2010. The Advisory Committee recommended acceptance of the course of action proposed by the Secretary-General in paragraph 12 of the financial performance report (A/65/678).

33. Introducing the Advisory Committee report on the financing of UNOMIG (A/65/743/Add.1), he said that the four-month process of liquidation of the Mission's assets had been completed on 31 October 2009. The Advisory Committee recommended acceptance of the course of action proposed by the Secretary-General in the financial performance report (A/65/681).

34. Introducing the Advisory Committee report on the financing of UNMIK (A/65/743/Add.4), he said that the Advisory Committee was recommending approval of the Mission's proposed budget for 2011/12. However, as it had indicated in paragraph 10 of its report, it continued to be concerned about the Mission's cash position, which failed to cover the three-month operating cash reserve of $11,969,000. The Advisory Committee had noted the description in the financial performance report (A/65/621) of the four-phase Mission support plan, including the commercial outsourcing of some services. The Advisory Committee trusted that the Mission would continue to evaluate the impact of the support plan, particularly if, as the Advisory Committee had been informed, a fifth phase was being contemplated.

35. Introducing the Advisory Committee report on the financing of UNMIL (A/65/743/Add.7), he said that its recommendations regarding the Mission's proposed budget for 2011/12, consisting of mission maintenance and electoral support components, would entail an overall reduction of $18,607,270. While the Advisory Committee had no objection to the proposed resources for electoral support, it took the view that the resources requested for the maintenance of the Mission should reflect the fact that it was in the process of drawdown, and therefore recommended a reduction of 10 per cent in the proposed operational requirements.

36. Similarly, while recognizing the importance of the Mission's role in building the capacity of the Liberia National Police, the Advisory Committee noted that, as some of the envisaged functions of the proposed new staff posts were not police-specific, they should be accommodated from within existing capacity. Accordingly, the Advisory Committee was recommending approval of only 6 of the 10 posts proposed for the Office of the UNMIL Police Commissioner.

37. Introducing the Advisory Committee report on the financing of UNDOF (A/65/743/Add.3), he said

that the Advisory Committee was recommending approval of the proposed budget for 2011/12. It continued to see merit in strengthening regional coordination of communications and information technology services among the peacekeeping missions in close geographical proximity to each other and encouraged further exploration of the platforms already developed to consolidate other administrative functions. Its comments on the financial performance of UNDOF in 2009/10 were set out in paragraph 35 of the report.

38. Introducing the Advisory Committee report on the financing of UNIFIL (A/65/743/Add.9), he said that the proposed budget for 2011/12 did not reflect the recent decision to convert a P-4 civil affairs officer post to a senior national civil affairs officer post. The Advisory Committee had no objection to that conversion, considering that it would contribute to building the capacity of national staff. The conversion would entail a reduction of $133,200 in the original budget proposal (A/65/756), which the Advisory Committee had taken into account in its recommendations.

39. Noting that projected expenditure for the current period would be $518.6 million, against an appropriation of $518.7 million, including overexpenditure associated with greater requirements for civilian personnel, fuel and the Maritime Task Force, and the likelihood of a total overexpenditure of $15 million or 2.89 per cent, the Advisory Committee expected that the Mission would make the utmost effort to absorb such expenditure within the appropriation for the current period.

40. Introducing the Advisory Committee report on the financing of MINURSO (A/65/743/Add.5), he said that the Advisory Committee had noted the Mission's priorities, which included landmine-related efforts and infrastructure and security improvements. Its comments on the financial performance of MINURSO in 2009/10 were set out in paragraph 34 of the report.

41. **Mr. Coffi** (Côte d'Ivoire), speaking on behalf of the Group of African States, said that the character of peacekeeping missions had changed in the previous year, with the closure, consolidation or transition towards drawdown of some, and a forthcoming focus on coping with volatile situations or on electoral assistance for others. Those changes notwithstanding, peacekeeping remained dynamic, and the Organization was still the world's largest multilateral contributor to post-conflict stabilization. Peacekeeping was an essential precursor of peacebuilding, and should seek to pave the way for peace processes, restoring the rule of law and using development to address the causes of conflict.

42. Accordingly, the proposed budget for each mission should reflect the resources required for the full implementation of its mandate, in order to advance the objective of maintaining international peace and security. In that connection, the Group would thoroughly consider mission budgets, and, if resource reductions had been proposed by the Secretary-General or recommended by the Advisory Committee, it would ascertain that such cuts were not arbitrary. It would examine the proposed abolition or nationalization of peacekeeping mission posts pursuant to General Assembly resolution 65/248, as well as vacancy rates, staff turnover, procurement matters and quick-impact projects,

43. Turning specifically to MONUC and MONUSCO, he welcomed the near-full budget implementation in the 2009/10 budget period and highlighted both the vital role of MONUSCO in stabilizing the Democratic Republic of the Congo and the Great Lakes region and the challenges it faced in consolidating peace and stability and protecting civilians. Its ability to fulfil its mandate, including the provision of technical and logistical support for the national and local elections due in November 2011, depended on continued adequate resources.

44. **Ms. Cavanagh** (New Zealand), speaking also on behalf of Australia and Canada, reiterated the three delegations' support for the United Nations Integrated Mission in Timor-Leste (UNMIT) and welcomed the significant progress made by the Timorese Government, with support from UNMIT and the International Stabilization Force, which consisted of personnel from Australia and New Zealand. The three delegations welcomed the Mission's key priorities, namely review and reform of the security sector, strengthening of the rule of law, promotion of a culture of democratic governance and dialogue, and economic and social development.

45. As credible and transparent parliamentary and presidential elections in 2012 were vital to ensure peace and stability, the three delegations had particularly noted the resources requested for electoral

assistance, and looked forward to receiving further information during the informal consultations on the additional temporary positions proposed, including the envisaged timing of recruitment and deployment. Following the recent resumption of primary policing responsibilities by the National Police of Timor-Leste, UNMIT must remain focused on building capacity, in order to ensure that the National Police possessed the necessary the tools and expertise.

46. The three delegations welcomed the establishment of a High-Level Steering Group, chaired by the President, the Prime Minister, and the Special Representative of the Secretary-General, to oversee the UNMIT transition, and trusted that it would ensure that the gradual reductions in UNMIT activities during the budget period would be in line with the Government's wishes and realities on the ground.

47. **Mr. Lieberman** (United States of America) said that, while reiterating its support for the peacekeeping activities of the United Nations and its commitment to providing them with adequate funding to ensure full implementation of the Organization's mandates, his delegation had noted that the total of the peacekeeping budgets proposed for the current financial period was largely unchanged from the previous financial period, discounting the since-closed Mission in the Central African Republic and Chad (MINURCAT).

48. The difficult global economic climate and the financial constraints facing all Member States made it essential to scrutinize the proposals carefully and find efficiencies where possible. The Secretary-General, in the role of chief administrative officer conferred on him by Article 97 of the Charter of the United Nations, was responsible for ensuring efficiency and good stewardship of the funds provided to the Organization by Member States on behalf of their taxpayers. It was therefore clearly within his purview to direct managers to seek efficiencies during the budget preparation process.

49. **Mr. Brant** (Brazil), speaking on agenda item 150, said that the Timorese Government and people should be congratulated for the significant progress achieved over the previous five years, making the country an example of post-conflict peacebuilding. As the 2012 parliamentary and presidential elections would be the most important political event in Timor-Leste so far, UNMIT should be provided with all necessary resources to support the preparation of those elections, pursuant to Security Council resolution 1969 (2011). As the National Police of Timor-Leste was expected to have resumed primary policing responsibilities in all districts and would exercise its police powers across the country, supported by the continued advice and training of United Nations police by June 2011, the Mission must continue its focus on building capacity through specialized training, mentoring, advice and monitoring. Any decrease in the number of UNMIT police officers should reflect realities on the ground, rather than following fixed or artificial deadlines, and should be fully discussed with the Timorese authorities. As socio-economic development was key to the maintenance of peace and stability, the international community should continue to provide assistance in that field whenever requested.

50. Having made an outstanding contribution to the stability and development of Timor-Leste, the Mission should prepare for the transitional period by adapting to new circumstances and assisting the Government with current challenges, including socio-economic development, institution-building and security. In that regard, his delegation supported the National Staff Capacity-Building Project begun in early 2010 as an essential component of the Mission's transition plan.

51. Noting the 4.6 per cent decrease in the proposed budget for the mission for 2011/12 compared to the budget for 2010/11, partly as a result of a reduction in the number of international staff posts to offset the cost of harmonization of conditions of service pursuant to General Assembly resolution 65/248, his delegation recalled that the Assembly had decided in that resolution 65/248 that the additional costs related to arrangements for the harmonization of conditions of service should not impact on operational costs or undermine the implementation of mandated programmes and activities. It was therefore concerned at the current level of resources proposed by the Secretary-General for UNMIT, as well as for a number of other peacekeeping missions, especially in Africa, and would be seeking further clarification in informal consultations. The Committee should provide all necessary resources to enable UNMIT to assist Timor-Leste in pursuing a steady course towards peacebuilding and long-term development.

Agenda item 143: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

Updated financial position of closed peacekeeping missions as at 30 June 2010 (A/65/556 and A/65/775)

52. **Mr. Yamazaki** (Controller), introducing the report of the Secretary-General on the updated financial position of closed peacekeeping missions as at 30 June 2010 (A/65/556), said that 5 of the 23 peacekeeping missions covered in the report had cash deficits totalling $86,720,000 as at 30 June 2010, owing to outstanding payments of assessed contributions, and that the other 18 had cash surpluses available for credit to Member States, totalling $230,745,000.

53. Two thirds of the available cash balance in the account of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) as at 30 June 2009, in the amount of $291,900, had been returned to the Government of Kuwait, pursuant to General Assembly decision 64/558. The Secretary-General now proposed that two thirds of the adjusted net available cash balance for the account of UNIKOM as at 30 June 2010, in the amount of $70,600, should be returned to the Government of Kuwait.

54. As a result of outstanding assessments in the special accounts of some active missions, there was a continuing need for cross-borrowing from the accounts of closed peacekeeping missions with cash balances, although there had been some improvement in the 2009/10 financial period, when a total of $30 million had been required for three active missions (MINURSO, UNMIT and UNOMIG). In the 2010/11 financial period up to 4 May 2011, $75.9 million in cross-borrowing had been required for four active missions (MINURSO, UNFICYP, MONUSCO and UNMIK). As at 4 May 2011, borrowing for two active missions (MINURSO and UNMIK) stood at a total of $28.5 million.

55. Given the reduction in cross-borrowing in the 2009/10 financial period, and in view of the accumulation of significant balances in the accounts of closed peacekeeping missions, the Secretary-General intended to return $180,745,000 of the amount available for credit to Member States as at 30 June 2010, subject to a decision of the General Assembly. The available balances in the accounts of 14 closed missions with balances below $20 million would be returned in full, while the remaining sums would be prorated equally across the remaining missions. A breakdown by mission of the amount to be returned was provided in annex II of the report (A/65/556). The Secretary-General proposed the retention of the cash balance of $50 million available in the accounts of four closed peacekeeping missions in the light of the experience regarding the Organization's cash requirements.

56. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/65/775), said that the Advisory Committee considered that a cash balance of $75 million should be retained to cover the Organization's cash requirements, rather than the $50 million proposed by the Secretary-General, bearing in mind that updated information as at February 2011 showed an increase in the level of cross-borrowing since the issuance of the Secretary-General's report (A/65/556) in December 2010. It recommended that the balance of available cash, after the retention of $75 million, should be returned to Member States.

57. The Advisory Committee did not support the Secretary-General's proposal for the expansion of the terms and the level of the Peacekeeping Reserve Fund to cover the operational requirements of ongoing missions. However, it recognized the need to achieve a balance between the interests of Member States that had fulfilled their financial obligations on time and to which surplus payments might be owed, and those of Governments providing troops, formed police units, logistical support and other resources, which should be reimbursed in a timely manner for their services to the Organization. It believed that the General Assembly could benefit from an in-depth study, which would be best addressed by the Board of Auditors, on the most appropriate mechanisms for achieving such a balance and ensuring sound financial management of cash inflows and outflows.

58. The Advisory Committee recommended that the General Assembly should proceed as outlined in paragraph 16 of the Secretary-General's report (A/65/556), with respect to the application of available credits against outstanding contributions.

59. **Mr. Di Luca** (Argentina), speaking on behalf of the Group of 77 and China, said that the Group fully

supported the Secretary-General's proposal to return $70,600, comprising two thirds of the adjusted net credits available in the account of UNIKOM, to the Government of Kuwait. With regard to the question of unpaid assessments, accounts payable to Member States and other liabilities of closed peacekeeping missions, the Group stood ready to explore options to achieve a fair solution to that long-standing problem.

60. **Ms. Reich** (Hungary), speaking on behalf of the European Union; the candidate countries Croatia, Montenegro and the former Yugoslav Republic of Macedonia; the stabilization and association process country Serbia; and, in addition, the Republic of Moldova and Ukraine, said that the return of the cash surpluses in the accounts of closed peacekeeping missions available for credit to Member States remained a priority for the European Union. It was regrettable that those funds had not yet been returned in full, in line with regulations 5.3, 5.4 and 5.5 of the Financial Regulations and Rules of the United Nations, according to which the remaining balance of any appropriations in the accounts of closed missions should be surrendered and returned to Member States. While the European Union noted that the Secretary-General had for the first time recognized the need for those cash balances to be returned to Member States, the Financial Regulations and Rules of the United Nations did not justify withholding a percentage of the cash surpluses. The return of unencumbered balances in full to Member States was long overdue and should now take place.

61. While the European Union welcomed improved liquidity of peacekeeping missions in recent years, resulting in a reduction in cross-borrowing, it was concerned at the significant time lag between the issuance of notifications to Member States and the receipt of assessed contributions. The unpredictability of receipts arising from Member States' failure to meet their obligation to pay their assessed contributions in full, on time and without conditions could not justify cross-borrowing. It was essential for all Member States to fulfil that obligation as liquidity shortfalls could endanger the effective implementation of mission mandates.

62. Although the European Union acknowledged the efforts of the Secretariat to reduce cross-borrowing, it shared the Advisory Committee's concerns about the proposed expansion of the terms and the level of the Peacekeeping Reserve Fund to cover the operational requirements of ongoing missions as a means of eliminating the need to borrow from the accounts of closed peacekeeping missions. In particular, it believed that the proposed measures could negatively affect the Organization's capacity to launch new missions and meet the needs of expanding missions. In 2010, the Secretary-General had made proposals regarding the level and management of the Peacekeeping Reserve Fund in his report on the global field support strategy (A/64/633); it would be preferable for such proposals to continue to be made within the framework of that strategy, in order to avoid a piecemeal approach.

63. The European Union shared the concern of those troop-contributing countries that had not been compensated for their services. In that regard, it called upon all countries that had outstanding contributions to closed peacekeeping operations to meet their financial obligations in a timely manner.

64. **Mr. Ballantyne** (New Zealand), speaking also on behalf of Australia and Canada, said that, while the information in the report of the Secretary-General showed that the accounts of 18 of the 23 closed peacekeeping missions had cash balances, the remaining 5 had cash deficits. Such cash deficits should be addressed through the timely and full payment of assessments by Member States. The three delegations therefore called on all Member States to fulfil their Charter obligations and pay their assessed contributions in full, on time and without conditions. They welcomed the decline in cross-borrowing between active and closed peacekeeping missions as a result of improved liquidity in peacekeeping missions and looked forward to receiving the latest figures on cross-borrowing during informal consultations. The Committee should consider whether the current practice of cross-borrowing between the accounts of active and closed missions was an appropriate and sustainable mechanism for managing liquidity problems. The three delegations noted the Secretary-General's observations regarding the expansion of the terms of the Peacekeeping Reserve Fund, and believed that other options could be explored.

65. The three delegations attached great importance to reaching an agreement on the accounts of closed peacekeeping missions in the current session, as the issue had remained unresolved for far too long. The Secretary-General had made an interesting proposal; although they had reservations regarding some aspects of it, they believed that the time had come for

delegations to settle their differences and find a solution that was acceptable to all.

66. **Mr. Kägi** (Switzerland), speaking also on behalf of Liechtenstein, said that the two delegations had reiterated for several years that cash surpluses in the accounts of closed peacekeeping missions should be surrendered and returned to Member States, that the practice of cross-borrowing to fund the cash deficits of active peacekeeping missions should be ended, and that the issue of accounts with cash deficits and outstanding liabilities owed to troop-contributing countries should be addressed. In that connection, while the two delegations welcomed the Secretary-General's proposal to return to Member States a percentage of the cash surpluses available, they also concurred with the Advisory Committee regarding the need to analyse carefully the exact level of funds that should be returned, since such an arrangement must not create cash problems within the Organization.

67. As long as there was a need for cross-borrowing, it would not be possible to return to Member States all the cash balances available. It was regrettable that the Secretary-General's report mentioned that problem only very briefly, suggesting that the operational requirements of active missions could be covered from the Peacekeeping Reserve Fund rather than through cross-borrowing. The possible consequences of such a measure had not been analysed and it had not been made clear how the proposal related to such projects as the global field support strategy, which also envisaged changes to the management of the Peacekeeping Reserve Fund. Finally, the issue of accounts with cash deficits had not been addressed at all. Consequently, although the two delegations supported the general direction of the Secretary-General's proposal, they saw it as merely a good starting point for the discussion on closed peacekeeping missions.

68. **Mr. Park** Chull-joo (Republic of Korea) said that while most of the cash surpluses in the accounts of closed peacekeeping missions had remained unused in recent years owing to a reduction in cross-borrowing, Member States had faced such a difficult fiscal climate that they had struggled to fulfil their financial obligations on time. In the Committee's deliberations on the issue, the differing interests of Member States should be considered in a balanced way. Cash surpluses in the accounts of closed peacekeeping missions should be returned to those Member States that had fulfilled their financial obligations, while troop-contributing countries were also entitled to reimbursement in a timely manner. In that regard, his delegation welcomed the Secretary-General's proposal to return $180,745,000 of the cash balances in the accounts of closed peacekeeping missions to Member States and also noted with appreciation the Advisory Committee's recommendation that $155,745,000 should be returned to those Member States that had duly paid their assessed contributions.

69. While the issue of the accounts of closed peacekeeping missions had been discussed by the Committee for many years without reaching any conclusion, his delegation believed that the time had come to find a balanced solution. In that connection, it fully supported the Secretary-General's proposal that available credits should first be applied against outstanding contributions for closed missions with a cash deficit and thereafter against other peacekeeping operations. Furthermore, it supported the Secretary-General's intention to return two thirds of the adjusted net credits available in the account of UNIKOM to the Government of Kuwait.

70. **Mr. Yamada** (Japan) said that two essential principles should be kept in mind when discussing the status of closed peacekeeping missions: first, payment of assessed contributions was a Charter obligation; and second, cash balances in the accounts of closed peacekeeping missions should be returned to Member States in accordance with the Financial Regulations and Rules of the United Nations. His delegation therefore welcomed the Secretary-General's proposal to return $180,745,000 of the cash balances available for credit to Member States as at 30 June 2010, considering that it provided a sound basis for the Committee's discussions. It was also aware that a lack of liquidity at times led to the borrowing of funds for active peacekeeping missions from the accounts of closed missions and wished to reiterate that the problem of cash deficits in closed missions should be resolved by timely and full payment of assessed contributions.

The meeting rose at 12.20 p.m.